

**ASSEMBLY BILL**

**No. 1603**

**Introduced by Assembly Member Bates**

February 21, 2003

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An act to add Section 17139 to the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1603, as introduced, Bates. Income taxes: exclusion: stock options.

The Personal Income Tax Law allows various exclusions from gross income in computing tax liability.

This bill would allow an exclusion from gross income for any gain from stock options in a qualified high technology business, as provided.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17139 is added to the Revenue and  
2 Taxation Code, to read:  
3 17139. (a) Gross income does not include any gain from the  
4 acquisition, sale, or exchange of a stock option in a qualified high  
5 technology business located in this state that is received by an  
6 employee, officer, or director of, or investor in, that business.  
7 (b) For purposes of this section, "qualified high technology  
8 business" shall be defined by law.

1     SEC. 2. This act provides for a tax levy within the meaning of  
2     Article IV of the Constitution and shall go into immediate effect.

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